

SEM Market Integration Workshop

28th May 2013

Dublin: Venue TBC

On 15th February 2013, the SEM Committee published its Next Steps Decision Paper on the Implementation of the European Target Model for the Single Electricity Market. Since then the Regulatory Authorities (RAs) have issued a Request for Tender for electricity market design consultants to assist the RAs in developing the new SEM High Level Design. It is expected that the consultants will begin work in June 2013.

In the interim the RAs have asked the TSOs and SEMO to carry out initial analysis on some key issues ahead of the RA's consultants being appointed. We expect that the analysis to be provided by the TSOs and SEMO will be useful for the incoming market design consultants. A summary of the work to be undertaken by the TSOs and SEMO is provided below.

- Analysis and Network Code Requirements

This will be a review of the Network Codes, with an in-depth focus on the market based codes. The intention is to review on an article by article basis the network codes on Capacity Allocation and Congestion Management, Forwards Capacity Allocation and Electricity Balancing. This review will highlight obligations that arise from these Network Codes, on whom the obligation rests and any timing requirements.

From this, a set of requirements can be built up for the future wholesale trading market based on the obligations of the network codes. This should also produce a benchmark of compliance against which later stages of the project can be tested, such as High Level Design, Detailed Design, System Specification, etc..

- Operating the System with Shorter Gate Closure

This will look at the likely impacts on system operation of market activity closer to real time and at the associated operational issues that could arise operating the system with market gates closer to real time in terms of system security, system economics, IS system requirements, control room activities etc. The intention is to initially scope the package activities at a high level and document what System Operators perceive as limitations of various possible new market arrangements and what would be required of System Operators. A review of the existing operational issues in the SEM environment, e.g. notification times, interconnector ramp rates etc. will initially be undertaken.

- Review of PCR documentation and algorithm

This will be an in-depth review of the detailed documentation available to SEMO and the TSOs with respect to the development of the Price Coupling for Regions algorithm. This will set out the requirements of the algorithms (as much as is available at the time, noting that the intraday algorithm is still in development), including the interfacing requirements and the form of bidding. This review will set out in as much detail as is permitted by confidentiality agreements of the workings and design of the PCR algorithm, setting out how commercial

data is used within the algorithm and how market prices are determined. This will also set out the bidding requirements of the PCR algorithm. This will also set out the process for change control of the PCR and how additional elements can be submitted for inclusion in the development of the algorithm.

The TSOs and SEMO will provide an update to industry on the above items at a workshop on 28th May in Dublin. The venue details and agenda will be published closer to the date.